

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-07

NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

L-03 H-01 CIAE-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 /090 W

-----061527Z 026683 /53

R 052056Z MAY 77

FM AMEMBASSY CARACAS

TO USDOC WASHDC

INFO SECSTATE WASHDC 7535

AMEMBASSY OTTAWA

LIMITED OFFICIAL USE CARACAS 4511

PASS TO OED/MEPD AND OIM

E.O. 11652: N/A

TAGS: BENC, VE

SUBJECT: MAJOR PROJECT: RAILROAD

REF: (A) STATE 096310, (B) CARACAS 3815 (C) CARACAS 3779

(1) AS REPORTED IN CARACAS 3779, THE RAILROAD INSTITUTE PUBLICLY DECLARED THE LICITATION "DESIERTA" IN NEWSPAPER ADVERTISEMENTS ON APRIL 15. SHORTLY THEREAFTER MINISTER FOR BASIC INDUSTRIES CARMELO LAURIA WAS QUOTED IN LOCAL NEWSPAPERS AS STATING THAT THE GOV WAS SPONSORING THE FORMATION OF A CONSORTIUM BETWEEN CANADIAN, SPANISH, AND VENEZUELAN FIRMS TO CARRY OUT THE PROJECT. AMONG THE ADVANTAGES CITED BY MINISTER LAURIA WAS THE SPANISH LANGUAGE CAPABILITY OF THE SPANISH BIDDERS. ESSENTIALLY THE SAME INFORMATION WAS GIVEN OUT BY MINISTER OF INFORMATION AND TOURISM DIEGO ARRIA DURING ONE OF HIS REGULAR PRESS CONFERENCES. THUS THERE WAS FORMAL ANNOUNCEMENT OF THE ANNULMENT OF THE LIMITED OFFICIAL USE

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BID PROCESS PLUS INFORMAL PUBLIC ANNOUNCEMENT OF THE DECISION TO ENCOURAGE A SPANISH/CANADIAN JOINT VENTURE.

(2) AS REPORTED IN CARACAS 3815, THE CANADIANS AND SPANIARS WERE GIVEN 30 DAYS FROM 14 APRIL TO NEGOTIATE A JOINT ARRANGEMENT. THERE IS NO NEGOTIATION GOING ON BETWEEN THE GOVERNMENT OF VENEZUELA AND ANY OF THE CONSORTIA AT THIS TIME THAT WE KNOW OF. (3) CANADIAN

CHARGE REPORTS THAT HE IS STILL WAITING FOR INSTRUCTIONS BUT THAT WERE HE THE SPANISH AMBASSADOR HE WOULD BE CONCERNED THAT SPAIN HAS NOT YET BEEN APPROACHED BY THE CANADIANS. HE SAID THAT THE SPANIARDS HAVE MADE SEVERAL APPROACHES TO THE CANADIAN SIDE WITHOUT RESPONSE. HE REITERATED WHAT WE ALREADY KNOW, THAT THE CANADIAN GOVERNMENT WAS, EARLIER IN THE GAME, HIGHLY RELUCTANT TO EXTEND GOVERNMENT-TO-GOVERNMENT GUARANTEES TO COVER THE JOINT AND SEVERAL RESPONSIBILITIES OF THE VARIOUS MEMBERS OF THE CANADIAN CONSORTIUM. HE FIRMLY STATED THAT THE CANADIAN GOVERNMENT WOULD BE EVEN MORE RELUCTANT TO EXTEND GUARANTEES TO COVER THE JOINT AND SEVERAL RESPONSIBILITIES OF BOTH CANADIAN AND SPANISH FIRMS. FURTHER HE EXPRESSED THE OPINION THAT WITH THE NULLIFICATION OF THE BID PROCESS THE CANADIAN CONSORTIUM COULD BE CONSIDERED LEGALLY NON-EXISTENT. IN ANY EVENT, ACCORDING TO THE CANADIAN CHARGE, NO DECISIONS HAVE BEEN MADE YET.

4. IN SUMMARY, WE FIND NO BASIS FOR PROTESTING EXCLUSION OF AMERICAN CONSORTIUM. ALL GOV PROCEDURES HAVE BEEN CONSISTENT WITH VENEZUELA'S LAWS, DECREES, AND REGULATIONS GOVERNING BIDDING PROCEDURES. NEVERTHELESS, EMBASSY INTENDS TO MAKE REPRESENTATIONS AT HIGH GOV LEVELS REQUESTING THAT U.S. CONSORTIUM BE GIVEN OPPORTUNITY TO MAKE PRESENTATION OF ITS PROPOSAL FOR A NEGOTIATED CONTRACT.
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Sent Date: 05-May-1977 12:00:00 am
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